

4 FAH-3 H-270 FISCAL YEAR CLOSING PROCEDURES

4 FAH-3 H-271 LEGISLATIVE REQUIREMENTS TO CLOSE DEPARTMENT BOOKS

4 FAH-3 H-271.1 By Fiscal Year

(TL:FMP-5; 6-30-95)

The Department is required to close appropriations under 31 U.S.C. 1551-1557 and to report the status of its appropriations and financial operations to Treasury on a fiscal year basis. The fiscal year for the Department of State and all Federal agencies begins on October 1 and ends on September 30 of each year.

4 FAH-3 H-271.2 Role of Treasury in Year-End Closing Process

(TL:FMP-5; 6-30-95)

Treasury provides financial information on all Federal agencies to the President and Congress. Therefore, the annual year-end closing process incorporates Treasury requirements and complies with Treasury specified reporting procedures. The Treasury Financial Manual (TFM) identifies annual reports the Department submits at the close of each fiscal year and instructions on the method to submit the reports. In addition, Treasury issues year-end closing instructions that identify specific items or issues to be addressed in the current year-end process. Prior to initiating year-end closing activities, both the TFM and any supplemental Treasury instructions are reviewed by FMP.

4 FAH-3 H-272 NOTIFICATION INSTRUCTIONS

(TL:FMP-5; 6-30-95)

At the close of each fiscal year, FMP issues detailed year-end closing instructions for overseas and domestic financial operations in accordance with (1) permanent legislation, (2) annual year-end closing instructions published by Treasury, and (3) significant events that may be Department-specific (e.g., cancellation of an indefinite appropriation under 31 U.S.C. 1555). At a minimum, the instructions cover the treatment of single-year (expired), multiple-year, no-year, and canceled appropriations. The instructions also include information on advance account transaction

adjustments and the need to validate accruals in accordance with 4 FAH-3 H-230 .

4 FAH-3 H-272.1 Applicability of Year-End Notification Instructions

(TL:FMP-5; 6-30-95)

Year-end closing instructions are applicable to all Department organizations, RFSCs, and posts with U.S. Government funds under Department control (e.g., bureau budget officers, FMOs, etc.) and/or managed in a Department financial management system. The instructions must be consistently followed and implemented in a manner that complies with year-end closing deadlines.

4 FAH-3 H-272.2 Organization Responsible for Providing Instructions

(TL:FMP-5; 6-30-95)

The Deputy Chief Financial Officer in FMP approves the year-end closing instructions to all Department organizations, RFSCs, and posts. The Director, International Financial Services Directorate (FMP/F/IFS) coordinates the instructions with the RFSCs and serviced posts. The Director, Domestic Financial Services Directorate (FMP/F/DFS) coordinates the instructions with domestic bureaus and organizations and has ultimate responsibility for the year-end closing process.

4 FAH-3 H-273 REQUIREMENTS TO SUPPORT OTHER AGENCIES IN CLOSING POST-HELD ALLOTMENTS

(TL:FMP-5; 6-30-95)

At overseas locations where the RFSCs and posts support U.S. Government allotments or operating allowances for other agencies and authorized organizations, the Department's year-end closing instructions shall apply unless:

- (1) Other arrangements are made before the close of the fiscal year;
and
- (2) The alternative arrangements are agreed to and funded through the Foreign Affairs Administrative Support (FAAS) agreements.

4 FAH-3 H-274 NATIONAL DEFENSE AUTHORIZATION ACT (M-YEAR LEGISLATION) AND UNLIQUIDATED BALANCES

(TL:FMP-5; 6-30-95)

The National Defense Authorization Act (Pub. L. 101-510), commonly referred to as M-year legislation, terminated the concept of merged accounts and the need to withdraw funds for expired appropriations after two years. Under the legislation, unobligated fund balances remain with the expired appropriation allotments until canceled. While posts continue to review all allotment or allowance balances and the validity of obligations at year end, appropriations with definite time periods and the associated obligations under the appropriations are closed and canceled on September 30 of the 5th year of availability.

4 FAH-3 H-275 REQUIRED RECORDS AT YEAR END FOR CANCELED APPROPRIATIONS (M- YEAR LEGISLATION)

(TL:FMP-5; 6-30-95)

a. In order for the Department to pay a legal obligation from a canceled account, the Department, RFSC or post must be able to confirm that:

(1) There was an unliquidated balance for the specific obligation in existence prior to the cancellation of the appropriation; and

(2) whether an unobligated amount existed on the date the appropriation was canceled.

b. To make the required payment from current funds, the Department must maintain sufficient records at the Department, RFSC or post level to verify unliquidated balances for canceled appropriations on the last day of the fiscal year in which the appropriation expired. Such records are permanent records and should be retained for an indefinite period of time.

4 FAH-3 H-276 ACTIVITIES REQUIRED TO CLOSE BOOKS

(TL:FMP-5; 6-30-95)

Fiscal year end instructions contain a requirement for Department organizations and posts to make a careful review of the obligation and liquidation transactions recorded for each allotment. Particular attention is to be given to unliquidated obligations to assure that they are valid obligations of the U.S. Government (e.g., properly documented and neither overstated or understated) within the intent of the 4 FAM and 4 FAH-3 . The unliquidated amounts shown on the obligation documents are reconciled with the unliquidated obligation balances shown in the financial management system. Corrective actions are to be taken as appropriate to ensure disbursements are recorded in the Department's financial management system.

4 FAH-3 H-277 ADVANCE ACCOUNTS AT YEAR END

(TL:FMP-5; 6-30-95)

All advance accounts are reviewed at year end and adjusted as needed. Generally, the Bureau of Finance and Management Policy issues specific instructions for the required review in the annual closing instructions. However, should the annual closing instructions not include detail instructions for advances or these instructions are delayed, RFSCs, posts and Department organizations, at a minimum should independently review the subsidiary ledgers to determine whether the outstanding advance amounts are valid and collectable. The reviews are to be conducted within 30 days of year-end closing and adjustments to the records are recorded in accordance with financial management system user documentation (SPUM, RFSC Op documentation, CFMS user guides, etc.) before the start of the year-end closing process. If the advances are to be converted to an accounts receivable, the amount must be done in accordance with instructions in this subchapter, financial system user documentation and 4 FAH-3 H-030 .

4 FAH-3 H-278 YEAR-END REPORTS AND CERTIFICATIONS

(TL:FMP-5; 6-30-95)

Department organizations, RFSCs and serviced posts will prepare final year-end closing reports in accordance with Department instructions and financial management system capabilities. Each final report on the status of an allotment or operating allowance contains a certification of obligations and liquidations from the individual responsible for the allotment. The required certification statement must be included in the year-end closing instructions and state the following:

I, _____, hereby certify that the obligated and liquidated amounts shown in the _____ report as of September 30, _____, are correct. All known transactions meeting the criteria of 31 U.S.C. 1501 have been recorded and are so reported. This report covers the following appropriations and allotments or operating allowances.

_____(Signature)_____

4 FAH-3 H-279 ACCRUAL REPORTS FOR YEAR END ACCOUNTING ADJUSTMENTS

(TL:FMP-5; 6-30-95)

Accrual information is required to:

- (1) Close the Department's books;
- (2) Complete Department reporting to Treasury at year end; and
- (3) Produce annual Departmental financial statements required by the Chief Financial Officers Act of 1990.

The Bureau of Finance and Management Policy issues annual instructions for reporting accruals in Department organizations, RFSCs and posts. All locations must follow the annual instructions for accrual reporting and submit the required information in the report format and time frame identified in the accrual reporting instructions.